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SBA Issues Direct Final Rule that Will Allow Governors to Seek HUBZone Designation for Certain Rural Areas

WASHINGTON – The [U.S. Small Business Administration](#) today issued a direct final rule that will allow governors to petition the SBA’s Administrator to designate HUBZone status to certain covered areas. A covered area is an area in a state that is located outside of an urbanized area, as determined by the Census Bureau, with a population of not more than 50,000, and for which the average unemployment rate is at least 120 percent of the average unemployment rate. The [rule](#) is published in the Federal Register and effective January 1, 2020, unless significant adverse comment is received by December 15, 2019.

“This expansion of HUBZone areas will provide a valuable resource to small businesses in underserved communities to foster economic development and job creation – creating a pathway to the middle class for the residents of distressed areas,” said Acting SBA Administrator Chris Pilkerton. “We anticipate that governors may petition to include Opportunity Zones that do not otherwise qualify as HUBZones. The direct final rule is a step in the right direction because it will give governors additional tools to revitalize their communities.”

The National Defense Authorization Act, which was enacted on December 12, 2017, authorized changes to the Small Business Act to include “Governor-designated covered areas” under the HUBZone program.

Under the rule, a governor may submit one petition per year for a covered area or areas.

In reviewing a request for designation included in the petition, the Administrator may consider:

- The potential for job creation and investment in the covered area;
- The demonstrated interest of small businesses in the covered area to be designated as a Governor-designated covered area;
- How state and local government officials have incorporated the covered area into an economic development strategy; and
- If the covered area was a HUBZone before becoming the subject of the petition, the impact on the covered area if the Administrator did not approve the petition.

For information about the HUBZone program, visit www.sba.gov/hubzone. For more information on HUBZones in Rhode Island, contact Lana Glovach at lane.glovach@sba.gov or call 401-528-4575.

For more information on Opportunity Zones and Opportunity Funds, see <https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>.

About Opportunity Zones

Opportunity Zones provide a tax break in which investors can use capital gains to support long-term economic development in more than 8,700 designated low-income communities across the country. An Opportunity Zone is an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the state and that nomination has been certified by the Secretary of the U.S. Treasury via his delegation of authority to the Internal Revenue Service.

About the U.S. Small Business Administration

The U.S. Small Business Administration makes the American dream of business ownership a reality. As the only go-to resource and voice for small businesses backed by the strength of the federal government, the SBA empowers entrepreneurs and small business owners with the resources and support they need to start, grow or expand their businesses, or recover from a declared disaster. It delivers services through an extensive network of SBA field offices and partnerships with public and private organizations. To learn more, visit www.sba.gov.
